
BUDGET UNIT BRIEF – FY 2021

Fiscal Services Division

July 1, 2020



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

College Student Aid Commission

Background

The Iowa College Student Aid Commission (ICSAC) is responsible for overseeing State programs that provide scholarships, grants, and loan forgiveness to students pursuing higher education; help high school students prepare for higher education; and ensure that postsecondary institutions in Iowa that have students qualifying for State financial aid meet established standards.

The ICSAC provides information for students, parents, financial lending institutions, schools, teachers, and borrowers. Information is provided for academic preparation, planning for and choosing a college, financing for college, tax incentives, assistance with forms and applications, and lender services.

The ICSAC administers the federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant program to prepare low-income and minority children to enter and succeed in postsecondary education. The ICSAC also works in cooperation with the Department of Education and local school districts to provide programs that assist middle and high school students in educational choices and career selection.

Federal Student Loan Guaranty Agency

The ICSAC served as the State's guaranty agency for the Federal Family Education Loan (FFEL) Program, which was eliminated effective July 1, 2010. The ICSAC continues in the role of guaranty agency for FFEL loans that were outstanding at the time the program was eliminated. The FFEL Program was a public-private partnership that encouraged banks and other private lenders to provide student loans, while the federal government, through the ICSAC, guaranteed each loan. Students now borrow directly from the U.S. Department of Education through the Direct Loan Program.

As the guaranty agency, the ICSAC used federal dollars to offer default aversion and loan rehabilitation services. When a borrower defaulted or a FFEL loan became dischargeable for other reasons, such as the death or permanent disability of the borrower, the ICSAC used federal dollars to reimburse the lender and then attempted to collect on the defaulted loan. The ICSAC was paid fees from the federal government for these activities.

Effective October 1, 2012, the Commission transferred the FFEL Program loan portfolio, estimated at \$2.400 billion, to Great Lakes Higher Education Guaranty Corporation. Under the 10-year agreement with Great Lakes, the Commission will receive a portion of annual net collection revenues from the portfolio, averaging 84.0% annually. However, the total amount of collection revenue will decline each year as loans are discharged and the portfolio balance declines. The Commission uses these funds to subsidize the administration of state-funded programs.

More Information

GEAR UP Iowa: www.iowacollegeaid.gov/content/about-gear-up

College Student Aid Commission: www.iowacollegeaid.gov

LSA Staff Contact: Robin Madison (515.281.5270) robin.madison@legis.iowa.gov

Funding

In addition to an annual General Fund appropriation, the Commission uses other funds provided through federal or private grants and other contractual arrangements for operational support.

Related Statutes and Administrative Rules

Iowa Code chapter [261](#)

Iowa Administrative Code [283](#)

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